



NATIONAL GRAIN AND FEED ASSOCIATION

Arbitration Decisions

September 20, 1977

ARBITRATION CASE NUMBER 1536

PLAINTIFF: Louis Dreyfus Corporation
Des Moines, Iowa

DEFENDANT: Archer-Daniels-Midland Co.
Lincoln, Nebraska

This case involved Louis Dreyfus Corporation in dispute with Archer-Daniels-Midland concerning one car of soybeans bought from an Iowa elevator by Louis Dreyfus Corporation and sold to Archer-Daniels-Midland Co., Lincoln, Nebraska.

A contract was entered into on November 26, 1975 whereby Louis Dreyfus Corporation made a sale to Archer-Daniels-Midland of 50,000 bushels of #1 yellow soybeans for shipment in March on their contract #8432 and a corresponding purchase contract from ADM, their contract #C-2018.

The amount of the claim was \$521.19.

It was noted by the Arbitration Committee that each of the contracts provided that first official inspection was part of the contract. Under the trade rules as amended March 20, 1975 of the National Grain and Feed Association, Rule 2, Section (d) states that: "Class A official inspection (white certificate) means an inspection and certification by an official inspector employed by an official inspection agency, of an official sample taken by an official sampler employed by an official inspection agency." However, Dreyfus Corporation gave instructions to their shipper to "Waive Inspection, Set Direct" and that Dreyfus Corporation made no provision for an official inspection (white certificate) to be taken. The Arbitration Committee also noted that on grain sold "first official" grades, it is the responsibility of the seller to either furnish the first "Class A" official inspection from an in route inspection point or to advise the buyer at destination that "Class A" official inspection (white certificate) grades have not yet been obtained and that first official grades at destination will be needed.

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It is the opinion of the Arbitration Committee that it is uneconomic for the buyer to obtain "Class A" official inspection (white certificate) on all incoming grain because in the due course of business if this was done the buyer would become liable for the inspection costs of "Class A" official inspection (white certificate) grades at destination on grain which had received a prior "Class A" official inspection (white certificate) in route which then would be used for settlement.

The conclusion of the Arbitration Committee is that Dreyfus was aware that it was not unusual for ADM to settle on a submitted sample because there had been a significant number of cars settled on this basis.

Louis Dreyfus Corporation of Des Moines should be denied any relief in this matter.

ARBITRATION COMMITTEE:

/s/ Robert W. Bolton, Chairman
Atwood-Larson Company
Minneapolis, Minnesota

/s/ Jerry Bumgardner
Ralston Purina Co.
St. Louis, Missouri

/s/ John Doherty
Illinois Grain Corporation
Chicago, Illinois

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